



July 13, 2010

The Honorable Jocelyn Boyd
Interim Chief Clerk and Administrator
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Avoided Cost Filing Required by 18 C.F.R. 292.302(b)(1-3)

Dear Mrs. Boyd:

18 C.F.R. 292.302(b)(1-3) requires electric utilities to file certain avoided cost information with their respective state commissions on a biennial basis. Pursuant to this Federal Energy Regulatory Commission regulation, Progress Energy Carolinas ("PEC") herein submits the required information. Pursuant to Commission Rule 103-804S(2) PEC asks that the Commission find this information is not a "public record" and therefore protect it from public disclosure. This information reflects PEC's costs to procure additional energy and/or capacity. The wholesale electricity market is extremely competitive and, in order for PEC to obtain the most cost effective energy and capacity necessary to meet the needs of its customers, it must protect from public disclosure its projected and actual cost to procure such energy and/or capacity. In addition, if this information was publicly available, potential suppliers would know the price against which they must bid, and rather than bidding the lowest price possible, they would simply bid a price low enough to beat PEC's projections. Attached is the avoided cost information with the confidential information redacted. PEC will send via overnight service the confidential information, in a sealed envelope stamped "Confidential."

PEC will make the confidential information available to any interested party pursuant to a confidentiality agreement.

Sincerely,

A handwritten signature in black ink, appearing to read 'Len S. Anthony', written over a horizontal line.

Len S. Anthony
General Counsel
Progress Energy Carolinas, Inc.

LSA:mhm
Enclosures
216243

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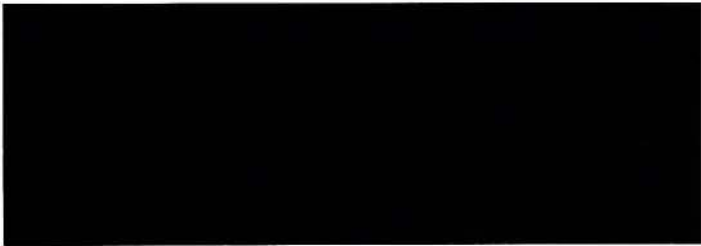
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292.302(b)(1) REQUIREMENT:

The estimated avoided cost on the electric utility's system, solely with respect to the energy component, for various levels of purchases from qualifying facilities. Such levels of purchases shall be stated in blocks of not more than 100 megawatts for systems with peak demand of 1000 megawatts or more, and in blocks equivalent to not more than 10 percent of the system peak demand for systems of less than 1,000 megawatts. The avoided costs shall be stated on a cents per kilowatt-hour basis, during daily and seasonal peak and off-peak periods, by year, for the current calendar year and each of the next five years.

RESPONSE:

PROGRESS ENERGY CAROLINAS AVERAGE AVOIDED ENERGY COST BY PERIOD (¢/kWh)

	Average	Average	Average
Year	All Hours	Peak Hours	Off-Peak Hours
2010			
2011			
2012			
2013			
2014			
2015			

Peak: Weekdays, 10am-10pm, April-September
Weekdays, 6am-1pm and 4pm-9pm, January-March and October-December
Off-peak: All hours not included in the Peak Period

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292.302(b)(2) REQUIREMENT:

The electric utility's plan for the addition of capacity by amount and type, for purchases of firm energy and capacity, and for capacity retirements for each year during the succeeding 10 years.

RESPONSE:

	Planned Additional Generation, Purchases, and Retirements
2010	
2011	Richmond County CC 2x1 (June 2011) 635 MW
2012	Butler-Warner Purchase (July 2012 - Sept 2017) 220 MW
2013	Retire Lee Fossil Steam (Jan 2013) 397 MW Wayne CC 3x1 (Jan 2013) 920 MW Anson Purchase (2013-2019) 336 MW
2014	Retire Sutton Fossil Steam (Jan 2014) 604 MW Sutton CC 2x1 (Jan 2014) 625 MW
2015	3 CT Aero (Oil) (Dec 2015) 147 MW Winter total
2016	CT 190 Frame (Gas/Oil) 176 MW
2017	
2018	2 CT 190 Frame (Gas/Oil) 352 MW total
2019	CT 190 Frame (Gas/Oil) 176 MW total

Notes: All MW capacities are Summer unless otherwise noted.

During the 2013-2017 period the Company plans to retire fossil steam plants at Weatherspoon (171 MW) and Cape Fear (316 MW).

Unless specifically named, additions are undesignated.

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292.302(b)(3) REQUIREMENT:

The estimated capacity costs at completion of the planned capacity additions and planned capacity firm purchases, on the basis of dollars per kilowatt, and the associated energy costs of each unit, expressed in cents per kilowatt-hour. These costs shall be expressed in terms of individual generating units and of individual planned firm purchases.

RESPONSE:

ESTIMATED CAPITAL AND ENERGY COSTS FOR PLANNED CAPACITY ADDITIONS

PEC plans to add approximately 635 MW of combined cycle capacity at Richmond County in the summer of 2011. The estimated capital cost is approximately \$[REDACTED]/kW. First year fuel cost is estimated to be approximately [REDACTED] cents/kWh.

PEC plans to add approximately 920 MW of combined cycle capacity at Wayne County in January 2013. The estimated capital cost is approximately \$[REDACTED] /kW. First year fuel cost is estimated to be approximately [REDACTED] cents/kWh.

PEC plans to add approximately 625 MW of combined cycle capacity at the Sutton Plant in New Hanover County in January 2014. The estimated capital cost is approximately \$[REDACTED] /kW. First year fuel cost is estimated to be approximately [REDACTED] cents/kWh.

No firm commitments have been made for capacity additions beyond 2013.

ESTIMATED CAPACITY AND ENERGY COSTS FOR PLANNED FIRM PURCHASES

PEC has entered into a tolling agreement with the Fayetteville Public Works Commission for 220 MW of capacity and energy from the Butler-Warner Generating Plant beginning July 2012. The first year capacity cost is \$[REDACTED] /kW-Yr and the first year fuel cost is estimated to be approximately [REDACTED] cents/kWh.

PEC has entered into a tolling agreement with NCEMC for 336 MW of capacity and energy from the Anson Generating Plant beginning January 2013. The first year capacity cost is \$[REDACTED] /kW-Yr and the first year fuel cost is estimated to be approximately [REDACTED] cents/kWh.